

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF CARROLL COUNTY	)	
WATER DISTRICT NO. 1 FOR AN ORDER	)	
AUTHORIZING ADJUSTMENT OF WATER	)	CASE NO. 9957
SERVICE RATES AND CHARGES	)	

O R D E R

On July 1, 1987, Carroll County Water District No. 1 ("Carroll County") filed an application with the Commission requesting authorization to increase its water rates which have generated approximately \$30,452 annually.

Neither Carroll County nor the Commission sought a hearing in this matter. No parties have requested leave to intervene and all requested information has been filed.

On August 4-5, 1987, the Commission staff conducted a field review of Carroll County's test period financial records. On September 22, 1987, the staff issued a report in which it recommended that the full revenue increase proposed by Carroll County be accepted.

On October 9, 1987, Carroll County filed a letter with the Commission in which it proposed rates higher than those in its application of July 1, 1987. These revised rates would generate approximately \$54,872 in additional revenues, an increase of 20.3 over test period revenues from water sales.

The revenues generated by Carroll County's revised rates would result in income available for debt service of \$162,720 and a debt service coverage ("DSC") ratio of 1.16X.<sup>1</sup>

Staff has reviewed Carroll County's revised proposal and recommends that it be accepted.

After careful review of the recommendations made by staff, the Commission is of the opinion that a DSC ratio of 1.16 is fair, just, and reasonable and will allow Carroll County ample opportunity to pay its operating expenses, service its debt and provide for reasonable equity growth. Therefore, the Commission accepts staff's finding that the annual increase of \$54,872 should be allowed.

#### RATE DESIGN

Carroll County's current rate design consists of four steps ranging from a minimum usage level of 1,000 gallons to an over 20,000 gallon category. No change in rate design was requested.

Staff has compared the percentage distribution of test year bills, usage, and revenue through the rate schedule. This comparison showed that the usage patterns of customers follow the usage increments of the current rate design in a reasonably consistent manner. Likewise, the revenue generated by the existing rate increments indicate an equitable distribution of both fixed and variable costs. Each rate step was increased by approximately the same percentage to arrive at proposed rates which would generate the requested revenue, thus, maintaining the

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<sup>1</sup>  $\$162,720 \div \$140,209 = 1.16$

revenue distribution pattern. The rates in the attached appendix will produce \$324,935 annually.

Carroll County has proposed to increase connection fees for 5/8 inch and 1 inch meters. The required information and cost documentation has been filed. The 5/8 inch connection charge is increased to \$250. The 1 inch connection is increased to \$400. The charge for connection over 1 inch shall be the actual cost of materials and installation.

#### FINDINGS AND ORDERS

1. The rates in Appendix A are the fair, just, and reasonable rates to be charged by Carroll County in that they should produce annual revenues from water sales of \$324,935.

2. Within 30 days of the date of this Order, Carroll County should file with this Commission its revised tariff sheets setting out the rates approved herein.

#### IT IS THEREFORE ORDERED that:

1. The rates in Appendix A are the fair, just and reasonable rates to be charged by Carroll County for service rendered on and after the date of this Order.

2. Within 30 days of the date of this Order, Carroll County shall file with this Commission its revised tariff setting out the rates approved herein.

Done at Frankfort, Kentucky, this 13th day of November, 1987.

PUBLIC SERVICE COMMISSION

*Richard D. Haman*  
Chairman

*[Signature]*  
Vice Chairman

*Spencer N. Williams*  
Commissioner

ATTEST:

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Executive Director

## APPENDIX A

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 9957 DATED 11/13/87

The following rates and charges are prescribed for the customers in the area served by Carroll County Water District No.

1. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

#### Rates Per Month

First 1,000 gallons	\$8.95 Minimum Bill
Next 9,000 gallons	3.05 per 1,000 gallons
Next 10,000 gallons	2.20 per 1,000 gallons
All over 20,000 gallons	1.30 per 1,000 gallons

#### Connection Charges

5/8" Connection	\$250.00
1" Connection	400.00